

SECTION B  
SUPPLIES OR SERVICES AND PRICES/COSTS

B.1. SCOPE OF CONTRACT

The Contractor shall receive and invest monies representing Thrift Savings Plan (TSP) cash flows in a manner consistent with the specifications, terms, and conditions set forth in Section C and set forth in the resultant contract; such monies shall be invested in the Contractor's daily-valued, commingled S&P 500 index fund.

B.2. BUSINESS PROPOSAL INSTRUCTIONS

- a. The Business Proposal will consist of those items set forth at L.5, page L-3 of this solicitation, and the Offeror's proposed price to perform the required services set forth in Section C of this solicitation.
- b. Offerors should evaluate all information provided in this solicitation, particularly in Section C, and submit their proposal based on the contract requirements.
- c. Because each proposed price will be evaluated to determine reasonableness, affordability, probable cost to the TSP, and understanding of the magnitude of the effort, each proposed price should be accurate, complete, and well documented. NO FEE INFORMATION IS TO BE INCLUDED IN THE TECHNICAL PROPOSAL. (But see B.3.c.2 below.)
- d. This solicitation requires the Offeror to submit a proposed price for the management of assets in a daily valued, commingled S&P 500 index fund.
- e. Proposed prices should apply to both the base contract period and the option period. Repricing during the option period is not possible.

B.3. CONTRACT PRICING

- a. Proposed prices must be consistent with the requirements of this section as well as Sections C, L, and M. All pricing must be expressed in basis points, and, except for trading

costs that are to be provided in response to the information request, Attachment 1 in Section J, must be included in this section.

- b. Once a proposal is accepted and a contract awarded, additions to the manner and amount of reimbursement for the contract work will not be considered. All proposed prices must include all costs (e.g., labor and material, overhead, and general and administrative expenses and fees) and ancillary charges such as custodian fees or fund enhancements. Pricing for reports or any other requirements must be included in the proposed pricing but may be separately priced.
- c. Specific information regarding proposed pricing which must be provided in order to be considered for award is as follows:

PRICING SCHEDULE  
BASE CONTRACT AND OPTION PERIOD

1. Provide the fee or credit schedule, in basis points, for asset management, custody services, and securities lending, for the daily-valued, commingled S&P 500 index fund. The fee or credit schedule will apply to both the base contract period (January 2001 - December 2003) and the option period (January 2004 - December 2005).

i. Based on actual history for the proposed fund for the three years ending April 30, 2000, please state, in basis points:

A. the securities lending income generated by the fund and how much of such income was credited to the clients in the fund versus that retained by you; and

B. the custodian fees charged by the fund.

ii. State whether, under your proposal, there is any interaction between the level of management fees charged to the TSP, the portion of the securities lending income of the proposed fund that will be credited to the TSP, or the level of custodian fees that will be charged to the TSP. If not, state the following:

A. the schedule of management fees (in basis points) that would be charged on the assets under management;

B. the custodian fees (in basis points) that would be charged to the TSP on the amount of assets under management or the methodology by which the custodian fees would be charged; and

C. the portion of the securities lending income of the proposed fund that would be credited to the TSP versus that retained by you.

iii. If there is any interaction between the level of management fees that will be charged to the TSP, the portion of the securities lending income of the proposed fund that will be credited to the TSP, or the level of custodian fees that will be charged to the TSP, please explain such interactions in sufficient detail to enable us to calculate the level of management fees and custodian fees that would be charged to the TSP on \$60 billion of assets under management, as well as the level of securities lending income that the TSP will realize on \$60 billion of assets under management. Provide similar detail for amounts of \$70, \$80, \$90, and \$100 billion of assets under management.

2. List all separately priced charges, such as for reports or other services required in the Statement of Work (Section C). **(Trading costs will be evaluated as part of the technical proposal.)**

[END OF SECTION]